110TH CONGRESS
2D SESSION

S. 3613

To amend title XVIII of the Social Security Act to provide certain high cost Medicare beneficiaries suffering from multiple chronic conditions with access to Independence at Home services in lower cost treatment settings, such as their residences, under a plan of care developed by an Independence at Home physician or Independence at Home nurse practitioner.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 26 (legislative day, SEPTEMBER 17), 2008

Mr. WYDEN (for himself, Ms. MIKULSKI, Mr. WHITEHOUSE, and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend title XVIII of the Social Security Act to provide certain high cost Medicare beneficiaries suffering from multiple chronic conditions with access to Independence at Home services in lower cost treatment settings, such as their residences, under a plan of care developed by an Independence at Home physician or Independence at Home nurse practitioner.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Independence at Home Act of 2008''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) According to the November 2007 Congressional Budget Office Long Term Outlook for Health Care Spending, unless changes are made to the way health care is delivered, growing demand for resources caused by rising health care costs and to a lesser extent the Nation's expanding elderly population will confront Americans with increasingly difficult choices between health care and other priorities. However, opportunities exist to constrain health care costs without adverse health care consequences.

(2) Medicare beneficiaries with multiple chronic conditions account for a disproportionate share of Medicare spending compared to their representation in the overall Medicare population, and evidence suggests that such patients often receive poorly coordinated care, including conflicting information from health providers and different diagnoses of the same symptoms.

(3) People with chronic conditions account for 76 percent of all hospital admissions, 88 percent of

all prescriptions filled, and 72 percent of physician visits.

(4) More than 60 percent of physicians treating patients with chronic conditions believe that their training did not adequately prepare them to coordinate in-home and community services; educate patients with chronic conditions; manage the psychological and social aspects of chronic care; provide effective nutritional guidance; and manage chronic pain.

(5) Recent studies cited by the Congressional Budget Office found substantial differences among regions of the country in the cost to Medicare of treating beneficiaries with multiple chronic conditions with lower cost regions experiencing better outcomes and lower mortality rates. These studies have suggested that Medicare spending could be reduced by 30 percent if more conservative practice styles were adopted, however, the current Medicare fee-for-service program creates incentives to provide fragmented, high cost health care services.

(6) Studies show that hospital utilization and emergency room visits for patients with multiple chronic conditions can be reduced and significant savings can be achieved through the use of inter-

disciplinary teams of health care professionals caring for patients in their places of residence.

(7) The Independence at Home program, designed to fund better health care and improved health care technology through savings it achieves, uses a patient-centered health care delivery model to permit the growing number of Medicare beneficiaries with multiple chronic conditions to remain as independent as possible for as long as possible and to receive care in a setting that is preferred by the beneficiary involved and the family of such beneficiary.

(8) The Independence at Home program begins Medicare reform by creating incentives for practitioners and providers to develop methods and technologies for providing better and lower cost health care to the highest cost Medicare beneficiaries with the greatest incentives provided in the case of highest cost beneficiaries.

(9) The Independence at Home program incorporates lessons learned from prior demonstration projects and phase I of the Voluntary Chronic Care Improvement program under section 1807 of the Social Security Act, enacted in sections 721 and 722 of the Medicare Prescription Drug, Improvement

and Modernization Act of 2003 (Public Law 108–173).

(10) The Independence at Home Act provides for a chronic care coordination demonstration for the highest cost Medicare beneficiaries with multiple chronic conditions that holds providers accountable for quality outcomes, patient satisfaction, and mandatory minimum savings on an annual basis.

(11) The Independence at Home Act generates savings by providing better, more coordinated care to the highest cost Medicare beneficiaries with multiple chronic conditions, reducing duplicative and unnecessary services, and avoiding unnecessary hospitalizations and emergency room visits.

SEC. 3. ESTABLISHMENT OF VOLUNTARY INDEPENDENCE AT HOME CHRONIC CARE COORDINATION DEMONSTRATION PROJECT UNDER TRADITIONAL MEDICARE FEE-FOR-SERVICE PROGRAM.

(a) IN GENERAL.—Title XVIII of the Social Security Act is amended—

(1) by amending subsection (c) of section 1807 (42 U.S.C. 1395b–8) to read as follows:

''(c) INDEPENDENCE AT HOME CHRONIC CARE COORDINATION DEMONSTRATION PROJECT.—A demonstra-

tion project for Independence at Home chronic care coordination programs for high cost Medicare beneficiaries with multiple chronic conditions is set forth in section 1807A.''; and

(2) by inserting after section 1807 the following new section:

''INDEPENDENCE AT HOME CHRONIC CARE COORDINATION DEMONSTRATION PROJECT

''SEC. 1807A. (a) IN GENERAL.—

''(1) IMPLEMENTATION.—The Secretary shall, where possible, enter into agreements with at least two unaffiliated Independence at Home organizations, as described in this section, to provide chronic care coordination services for a period of three years in each of the 13 highest cost States and the District of Columbia and in 13 additional States that are representative of other regions of the United States. Such organizations shall have documented experience in furnishing the types of services covered by this section to eligible beneficiaries in non-institutional settings using qualified teams of health care professionals that are directed by Independence at Home physicians or Independence at Home nurse practitioners and that use health information technology and individualized plans of care.

''(2) ELIGIBILITY.—Any organization shall be eligible for an Independence at Home agreement in the developmental phase if it is an Independence at Home organization (as defined in subsection (b)(7)) and has the demonstrated capacity to provide the services covered under this section to the number of eligible beneficiaries specified in subsection (e)(3)(C). No organization shall be prohibited from participating because of its small size as long as it meets the eligibility requirements of this section.

''(3) INDEPENDENT EVALUATION.—The Secretary shall contract for an independent evaluation of the Independence at Home demonstration project under this section with an interim report to be provided after the first year and a final report to be provided after the third year of the project. Such an evaluation shall be conducted by a contractor with knowledge of chronic care coordination programs for the targeted patient population and demonstrated experience in the evaluation of such programs. Each such report shall include an assessment of the following factors and shall identify the characteristics of individual Independence at Home programs that are the most effective:

''(A) Quality improvement measures.

''(B) Beneficiary, caregiver, and provider satisfaction.

''(C) Health outcomes appropriate for patients with multiple chronic conditions.

''(D) Cost savings to the program under this title.

''(4) AGREEMENTS.—The Secretary shall enter into agreements, beginning not later than one year after the date of the enactment of this section, with Independence at Home organizations that meet the participation requirements of this section, including minimum performance standards developed under subsection (e)(3), in order to provide access by eligible beneficiaries to Independence at Home programs under this section.

''(5) REGULATIONS.—At least three months before entering into the first agreement under this section, the Secretary shall publish in the Federal Register the specifications for implementing this section.

''(6) PERIODIC PROGRESS REPORTS.—Semi-annually during the first year in which this section is implemented and annually thereafter during the period of implementation of this section, the Secretary shall submit to the Committees on Ways and Means and Energy and Commerce of the House of Rep-

resentatives and the Committee on Finance of the Senate a report that describes the progress of implementation of this section and explaining any variation from the Independence at Home program as described in this section.

''(b) DEFINITIONS.—For purposes of this section:

''(1) ACTIVITIES OF DAILY LIVING.—The term 'activities of daily living' means bathing, dressing, grooming, transferring, feeding, or toileting.

''(2) CAREGIVER.—The term 'caregiver' means, with respect to an individual with a qualifying functional impairment, a family member, friend, or neighbor who provides assistance to the individual.

''(3) ELIGIBLE BENEFICIARY.—

''(A) IN GENERAL.—The term 'eligible beneficiary' means, with respect to an Independence at Home program, an individual who—

''(i) is entitled to benefits under part A and enrolled under part B, but not enrolled in a plan under part C;

''(ii) has a qualifying functional impairment and has been diagnosed with two or more of the chronic conditions described in subparagraph (C); and

''(iii) within the 12 months prior to the individual first enrolling with an Independence at Home program under this section, has received benefits under this title for services described in each of clauses (i), (ii) and (iii) of subparagraph (D).

''(B) DISQUALIFICATIONS.—Such term does not include an individual—

''(i) who is receiving benefits under section 1881;

''(ii) who is enrolled in a PACE program under section 1894;

''(iii) who is enrolled in (and is not disenrolled from) a chronic care improvement program under section 1807;

''(iv) who within the previous year has been a resident for more than 90 days in a skilled nursing facility, a nursing facility (as defined in section 1919), or any other facility identified by the Secretary;

''(v) who resides in a setting that presents a danger to the safety of in-home health care providers and primary caregivers; or

''(vi) whose enrollment in an Independence at Home program the Secretary determines would be inappropriate.

''(C) CHRONIC CONDITIONS DESCRIBED.—The chronic conditions described in this subparagraph are the following:

''(i) Congestive heart failure.

''(ii) Diabetes.

''(iii) Chronic obstructive pulmonary disease.

''(iv) Ischemic heart disease.

''(v) Peripheral arterial disease.

''(vi) Stroke.

''(vii) Alzheimer's Disease and other dementias designated by the Secretary.

''(viii) Pressure ulcers.

''(ix) Hypertension.

''(x) Neurodegenerative diseases designated by the Secretary which result in high costs under this title, including amyotropic lateral sclerosis (ALS), multiple sclerosis, and Parkinson's disease.

''(xi) Any other chronic condition that the Secretary identifies as likely to result in high costs to the program under this

title when such condition is present in combination with one or more of the chronic conditions specified in the preceding clauses.

''(D) SERVICES DESCRIBED.—The services described in this subparagraph are the following:

''(i) Non-elective inpatient hospital services.

''(ii) Services in the emergency department of a hospital.

''(iii) Any of the following services:

''(I) Extended care services.

''(II) Services in an acute rehabilitation facility.

''(III) Home health services.

''(4) INDEPENDENCE AT HOME ASSESSMENT.—The term 'Independence at Home assessment' means, with respect to an eligible beneficiary, a comprehensive medical history, physical examination, and assessment of the beneficiary's clinical and functional status that—

''(A) is conducted by—

"(i) an Independence at Home physician or an Independence at Home nurse practitioner;

"(ii) a physician assistant, nurse practitioner, or clinical nurse specialist, as defined in section 1861(aa)(5), who is employed by an Independence at Home organization and is working in collaboration with an Independence at Home physician or Independence at Home nurse practitioner; or

"(iii) any other health care professional that meets such conditions as the Secretary may specify; and

"(B) includes an assessment of—

"(i) activities of daily living and other co-morbidities;

"(ii) medications and medication adherence;

"(iii) affect, cognition, executive function, and presence of mental disorders;

"(iv) functional status, including mobility, balance, gait, risk of falling, and sensory function;

''(v) social functioning and social integration;

''(vi) environmental needs and a safety assessment;

''(vii) the ability of the beneficiary's primary caregiver to assist with the beneficiary's care as well as the caregiver's own physical and emotional capacity, education, and training;

''(viii) whether the beneficiary is likely to benefit from an Independence at Home program;

''(ix) whether the conditions in the beneficiary's home or place of residence would permit the safe provision of services in the home or residence, respectively, under an Independence at Home program; and

''(x) other factors determined appropriate by the Secretary.

''(5) INDEPENDENCE AT HOME CARE TEAM.—The term 'Independence at Home care team'—

''(A) means, with respect to a participant, a team of qualified individuals that provides

services to the participant as part of an Independence at Home program; and

"(B) includes an Independence at Home physician or an Independence at Home nurse practitioner and an Independence at Home coordinator (who may also be an Independence at Home physician or an Independence at Home nurse practitioner).

"(6) INDEPENDENCE AT HOME COORDINATOR.—The term 'Independence at Home coordinator' means, with respect to a participant, an individual who—

"(A) is employed by an Independence at Home organization and is responsible for coordinating all of the elements of the participant's Independence at Home plan;

"(B) is a licensed health professional, such as a physician, registered nurse, nurse practitioner, clinical nurse specialist, physician assistant, or other health care professional as the Secretary determines appropriate, who has at least one year of experience providing and coordinating medical and related services for individuals in their homes; and

"(C) serves as the primary point of contact responsible for communications with the participant and for facilitating communications with other health care providers under the plan.

"(7) INDEPENDENCE AT HOME ORGANIZATION.—The term 'Independence at Home organization' means a provider of services, a physician or physician group practice, a nurse practitioner or nurse practitioner group practice, or other legal entity which receives payment for services furnished under this title (other than only under this section) and which—

"(A) has entered into an agreement under subsection (a)(2) to provide an Independence at Home program under this section;

"(B)(i) is able to provide all of the elements of the Independence at Home plan in a participant's home or place of residence, or

"(ii) if the organization is not able to provide all such elements in such home or residence, has adequate mechanisms for ensuring the provision of such elements by one or more qualified entities;

"(C) has Independence at Home physicians, clinical nurse specialists, nurse practi-

tioners, or physician assistants available to respond to patient emergencies 24 hours a day, seven days a week;

"(D) accepts all eligible beneficiaries from the organization's service area except to the extent that qualified staff are not available; and

"(E) meets other requirements for such an organization under this section.

"(8) INDEPENDENCE AT HOME PHYSICIAN.—The term 'Independence at Home physician' means a physician who—

"(A) is employed by or affiliated with an Independence at Home organization, as required under paragraph (7)(C), or has another contractual relationship with the Independence at Home organization that requires the physician to be responsible for the plans of care for the physician's patients;

"(B) is certified—

"(i) by the American Board of Family Physicians, the American Board of Internal Medicine, the American Osteopathic Board of Family Physicians, the American Osteopathic Board of Internal Medicine, the American Board of Emergency Medi-

cine, or the American Board of Physical Medicine and Rehabilitation; or

''(ii) by a Board recognized by the American Board of Medical Specialties and determined by the Secretary to be appropriate for the Independence at Home program;

''(C) has—

''(i) a certification in geriatric medicine as provided by American Board of Medical Specialties; or

''(ii) passed the clinical competency examination of the American Academy of Home Care Physicians and has substantial experience in the delivery of medical care in the home, including at least two years of experience in the management of Medicare patients and one year of experience in home-based medical care including at least 200 house calls; and

''(D) has furnished services during the previous 12 months for which payment is made under this title.

''(9) INDEPENDENCE AT HOME NURSE PRACTITIONER.—The term 'Independence at Home nurse practitioner' means a nurse practitioner who—

''(A) is employed by or affiliated with an Independence at Home organization, as required under paragraph (7)(C), or has another contractual relationship with the Independence at Home organization that requires the nurse practitioner to be responsible for the plans of care for the nurse practitioner's patients;

''(B) practices in accordance with State law regarding scope of practice for nurse practitioners;

''(C) is certified—

''(i) as a Gerontologic Nurse Practitioner by the American Academy of Nurse Practitioners Certification Program or the American Nurses Credentialing Center; or

''(ii) as a family nurse practitioner or adult nurse practitioner by the American Academy of Nurse Practitioners Certification Board or the American Nurses Credentialing Center and holds a certificate of Added Qualification in gerontology, elder care or care of the older adult pro-

vided by the American Academy of Nurse Practitioners, the American Nurses Credentialing Center or a national nurse practitioner certification board deemed by the Secretary to be appropriate for an Independence at Home program; and

''(D) has furnished services during the previous 12 months for which payment is made under this title.

''(10) INDEPENDENCE AT HOME PLAN.—The term 'Independence at Home plan' means a plan established under subsection (d)(2) for a specific participant in an Independence at Home program.

''(11) INDEPENDENCE AT HOME PROGRAM.—The term 'Independence at Home program' means a program described in subsection (d) that is operated by an Independence at Home organization.

''(12) PARTICIPANT.—The term 'participant' means an eligible beneficiary who has voluntarily enrolled in an Independence at Home program.

''(13) QUALIFIED ENTITY.—The term 'qualified entity' means a person or organization that is licensed or otherwise legally permitted to provide the specific element (or elements) of an Independence at Home plan that the entity has agreed to provide.

''(14) QUALIFYING FUNCTIONAL IMPAIRMENT.—The term 'qualifying functional impairment' means an inability to perform, without the assistance of another person, two or more activities of daily living.

''(c) IDENTIFICATION AND ENROLLMENT OF PROSPECTIVE PROGRAM PARTICIPANTS.—

''(1) NOTICE TO ELIGIBLE INDEPENDENCE AT HOME BENEFICIARIES.—The Secretary shall develop a model notice to be made available to Medicare beneficiaries (and to their caregivers) who are potentially eligible for an Independence at Home program by participating providers and by Independence at Home programs. Such notice shall include the following information:

''(A) A description of the potential advantages to the beneficiary participating in an Independence at Home program.

''(B) A description of the eligibility requirements to participate.

''(C) Notice that participation is voluntary.

''(D) A statement that all other Medicare benefits remain available to beneficiaries who enroll in an Independence at Home program.

''(E) Notice that those who enroll in an Independence at Home program may have co-payments for house calls by Independence at Home physicians or by Independence at Home nurse practitioners reduced or eliminated at the discretion of the Independence at Home physician or Independence at Home nurse practitioner involved.

''(F) A description of the services that could potentially be provided under an Independence at Home plan.

''(G) A description of the method for participating, or withdrawing from participation, in an Independence at Home program or becoming no longer eligible to so participate.

''(2) VOLUNTARY PARTICIPATION AND CHOICE.—An eligible beneficiary may participate in an Independence at Home program through enrollment in such program on a voluntary basis and may terminate such participation at any time. Such a beneficiary may also receive Independence at Home services from the Independence at Home organization of the beneficiary's choice but may not receive Independence at Home services from more than one Independence at Home organization at a time.

''(d) INDEPENDENCE AT HOME PROGRAM REQUIREMENTS.—

''(1) IN GENERAL.—Each Independence at Home program shall, for each participant enrolled in the program—

''(A) designate—

''(i) an Independence at Home physician or an Independence at Home nurse practitioner; and

''(ii) an Independence at Home coordinator;

''(B) have a process to ensure that the participant received an Independence at Home assessment before enrollment in the program;

''(C) with the participation of the participant (or the participant's representative or caregiver), an Independence at Home physician or an Independence at Home nurse practitioner, and Independence at Home coordinator, develop an Independence at Home plan for the participant in accordance with paragraph (2);

''(D) ensure that the participant receives an Independence at Home assessment at least annually after the original assessment to ensure

that the Independence at Home plan for the participant remains current and appropriate;

''(E) implement all of the elements of the participant's Independence at Home plan and in instances in which the Independence at Home organization does not provide specific elements of the Independence at Home plan, ensure that qualified entities successfully implement those specific elements;

''(F) provide for an electronic medical record and electronic health information technology to coordinate the participant's care and to exchange information with the Medicare program and electronic monitoring and communication technologies and mobile diagnostic and therapeutic technologies as appropriate and accepted by the participant; and

''(G) respect the participant's right to health information privacy and obtain permission from the participant (or responsible person) for the use and disclosure of identifiable health information necessary for treatment, payment, or health care operations.

''(2) INDEPENDENCE AT HOME PLAN.—

"(A) IN GENERAL.—An Independence at Home plan for a participant shall be developed with the participant, an Independence at Home physician or an Independence at Home nurse practitioner, an Independence at Home coordinator, and, if appropriate, one or more of the participant's caregivers and shall—

"(i) document the chronic conditions, co-morbidities, and other health needs identified in the participant's Independence at Home assessment;

"(ii) determine which elements of an Independence at Home plan described in subparagraph (C) are appropriate for the participant; and

"(iii) identify the qualified entity responsible for providing each element of such plan.

"(B) COMMUNICATION OF INDIVIDUALIZED INDEPENDENCE AT HOME PLAN TO THE INDEPENDENCE AT HOME COORDINATOR.—If the Independence at Home physician or Independence at Home nurse practitioner responsible for conducting the participant's Independence at Home assessment and developing the Independ-

ence at Home plan is not the participant's Independence at Home coordinator, the Independence at Home physician or Independence at Home nurse practitioner is responsible for ensuring that the participant's Independence at Home coordinator has such plan and is familiar with the requirements of the plan and has the appropriate contact information for all of the members of the Independence at Home care team.

''(C) ELEMENTS OF INDEPENDENCE AT HOME PLAN.—An Independence at Home organization shall have the capability to provide, directly or through a qualified entity, and shall offer all of the following elements of an Independence at Home plan to the extent they are appropriate and accepted by a participant:

''(i) Self-care education and preventive care consistent with the participant's condition.

''(ii) Coordination of all medical treatment furnished to the participant, regardless of whether such treatment is covered and available to the participant under this title.

"(iii) Information about, and access to, hospice care.

"(iv) Pain and palliative care and end-of-life care.

"(v) Education for primary caregivers and family members.

"(vi) Caregiver counseling services and information about, and referral to, other caregiver support and health care services in the community.

"(vii) Monitoring and management of medications as well as assistance to participants and their caregivers with respect to selection of a prescription drug plan under part D that best meets the needs of the participant's chronic conditions.

"(viii) Referral to social services, such as personal care, meals, volunteers, and individual and family therapy.

"(ix) Access to phlebotomy and ancillary laboratory and imaging services, including point of care laboratory and imaging diagnostics.

"(3) PRIMARY TREATMENT ROLE WITHIN AN INDEPENDENCE AT HOME CARE TEAM.—An Inde-

pendence at Home physician or an Independence at Home nurse practitioner may assume the primary treatment role as permitted under State law.

''(4) ADDITIONAL RESPONSIBILITIES.—

''(A) OUTCOMES REPORT.—Each Independence at Home organization offering an Independence at Home program shall monitor and report to the Secretary, in a manner specified by the Secretary, on—

''(i) patient outcomes;

''(ii) beneficiary, caregiver, and provider satisfaction with respect to coordination of the participant's care; and

''(iii) the achievement of mandatory minimum savings described in subsection (e)(6).

''(B) ADDITIONAL REQUIREMENTS.—Each such organization and program shall comply with such additional requirements as the Secretary may specify.

''(e) TERMS AND CONDITIONS.—

''(1) IN GENERAL.—An agreement under this section with an Independence at Home organization shall contain such terms and conditions as the Secretary may specify consistent with this section.

''(2) CLINICAL, QUALITY IMPROVEMENT, AND FINANCIAL REQUIREMENTS.—The Secretary may not enter into an agreement with such an organization under this section for the operation of an Independence at Home program unless—

''(A) the program and organization meet the requirements of subsection (d), minimum quality and performance standards developed under paragraph (3), and such clinical, quality improvement, financial, and other requirements as the Secretary deems to be appropriate for participants to be served; and

''(B) the organization demonstrates to the satisfaction of the Secretary that the organization is able to assume financial risk for performance under the agreement with respect to payments made to the organization under such agreement through available reserves, reinsurance, or withholding of funding provided under this title, or such other means as the Secretary determines appropriate.

''(3) MINIMUM QUALITY AND PERFORMANCE STANDARDS.—

''(A) IN GENERAL.—The Secretary shall develop mandatory minimum quality and per-

formance standards for Independence at Home organizations and programs.

"(B) STANDARDS TO BE INCLUDED.—Such standards shall include measures of—

"(i) participant outcomes;

"(ii) satisfaction of the beneficiary, caregiver, and provider involved; and

"(iii) cost savings consistent with paragraph (6).

"(C) MINIMUM PARTICIPATION STANDARD.—Such standards shall include a requirement that, for any year after the first year, an Independence at Home program had an average number of participants during the previous year of at least 100 participants.

"(4) TERM OF AGREEMENT AND MODIFICATION.—The agreement under this subsection shall be, subject to paragraphs (3)(C) and (5), for a period of three years, and the terms and conditions may be modified during the contract period only upon the request of the Independence at Home organization.

"(5) TERMINATION AND NON-RENEWAL OF AGREEMENT.—

''(A) IN GENERAL.—If the Secretary determines that an Independence at Home organization has failed to meet the minimum performance standards under paragraph (3) or other requirements under this section, the Secretary may terminate the agreement of the organization at the end of the contract year.

''(B) REQUIRED TERMINATION WHERE RISK TO HEALTH OR SAFETY OF A PARTICIPANT.—The Secretary shall terminate an agreement with an Independence at Home organization at any time the Secretary determines that the care being provided by such organization poses a threat to the health and safety of a participant.

''(C) TERMINATION BY INDEPENDENCE AT HOME ORGANIZATIONS.—Notwithstanding any other provision of this subsection, an Independence at Home organization may terminate an agreement with the Secretary under this section to provide an Independence at Home program at the end of a contract year if the organization provides to the Secretary and to the beneficiaries participating in the program notification of such termination more than 90 days be-

fore the end of such year. Paragraphs (6), (8), and (9)(B) shall apply to the organization until the date of termination.

''(D) NOTICE OF INVOLUNTARY TERMINATION.—The Secretary shall notify the participants in an Independence at Home program as soon as practicable if a determination is make to terminate an agreement with the Independence at Home organization involuntarily as provided in subparagraphs (A) and (B). Such notice shall inform the beneficiary of any other Independence at Home organizations that might be available to the beneficiary.

''(6) MANDATORY MINIMUM SAVINGS.—

''(A) IN GENERAL.—Under an agreement under this subsection, each Independence at Home organization shall ensure that during any year of the agreement for its Independence at Home program, there is an aggregate savings in the cost to the program under this title for participating beneficiaries, as calculated under subparagraph (B), that is not less than the product of—

''(i) 5 percent of the estimated average monthly costs that would have been in-

curred under parts A, B, and D if those beneficiaries had not participated in the Independence at Home program; and

"(ii) the number of participant-months for that year.

"(B) COMPUTATION OF AGGREGATE SAVINGS.—

"(i) MODEL FOR CALCULATING SAVINGS.—The Secretary shall contract with a nongovernmental organization or academic institution to independently develop an analytical model for determining whether an Independence at Home program achieves at least savings required under subparagraph (A) relative to costs that would have been incurred by Medicare in the absence of Independence at Home programs. The analytical model developed by the independent research organization for making these determinations shall utilize state-of-the-art econometric techniques, such as Heckman's selection correction methodologies, to account for sample selection bias, omitted variable bias, or problems with endogeneity.

"(ii) APPLICATION OF THE MODEL.—Using the model developed under clause (i), the Secretary shall compare the actual costs to Medicare of beneficiaries participating in an Independence at Home program to the predicted costs to Medicare of such beneficiaries to determine whether an Independence at Home program achieves the savings required under subparagraph (A).

"(iii) REVISIONS OF THE MODEL.—The Secretary shall require that the model developed under clause (i) for determining savings shall be designed according to instructions that will control, or adjust for, inflation as well as risk factors including, age, race, gender, disability status, socioeconomic status, region of country (such as State, county, metropolitan statistical area, or zip code), and such other factors as the Secretary determines to be appropriate, including adjustment for prior health care utilization. The Secretary may add to, modify, or substitute for such adjustment factors if such changes will improve the

sensitivity or specificity of the calculation of costs savings.

''(iv) PARTICIPANT-MONTH.—In making the calculation described in subparagraph (A), each month or part of a month in a program year that a beneficiary participates in an Independence at Home program shall be counted as a 'participant-month'.

''(C) NOTICE OF SAVINGS CALCULATION.—No later than 120 days before the beginning of any Independence at Home program year, the Secretary shall publish in the Federal Register a description of the model developed under subparagraph (B)(i) and information for calculating savings required under subparagraph (A), including any revisions, sufficient to permit Independence at Home organizations to determine the savings they will be required to achieve during the program year to meet the savings requirement under such subparagraph. In order to facilitate this notice, the Secretary may designate a single annual date for the beginning of all Independence at Home program

years that shall not be later than one year from the date of enactment of this section.

''(7) MANNER OF PAYMENT.—Subject to paragraph (8), payments shall be made by the Secretary to an Independence at Home organization at a rate negotiated between the Secretary and the organization under the agreement for—

''(A) Independence at Home assessments; and

''(B) on a per-participant, per-month basis for the items and services required to be provided or made available under subsection (d).

''(8) ENSURING MANDATORY MINIMUM SAVINGS.—The Secretary shall require any Independence at Home organization that fails in any year to achieve the mandatory minimum savings described in paragraph (6) to provide those savings by refunding payments made to the organization under paragraph (7) during such year.

''(9) BUDGET NEUTRAL PAYMENT CONDITION.—

''(A) IN GENERAL.—Under this section, the Secretary shall ensure that the cumulative, aggregate sum of Medicare program benefit expenditures under parts A, B, and D for partici-

pants in Independence at Home programs and funds paid to Independence at Home organizations under this section, shall not exceed the Medicare program benefit expenditures under such parts that the Secretary estimates would have been made for such participants in the absence of such programs.

''(B) TREATMENT OF SAVINGS.—If an Independence at Home organization achieves aggregate savings in a year in excess of the mandatory minimum savings described in paragraph (6), 80 percent of such aggregate savings shall be paid to the organization and the remainder shall be retained by the programs under this title.

''(f) WAIVER OF COINSURANCE FOR HOUSE CALLS.—A physician or nurse practitioner furnishing services in the home or residence of a participant in an Independence at Home program may waive collection of any coinsurance that might otherwise be payable under section 1833(a) with respect to such services.

''(g) REPORT.—Not later than one year after the end of the Independence at Home demonstration project under this section, the Secretary shall submit to Congress a re-

port on such project. Such report shall include information on—

''(1) whether Independence at Home programs under the project met the performance standards for beneficiary, caregiver, and provider satisfaction; and

''(2) participant outcomes and cost savings, as well as the characteristics of the programs that were most effective and whether the participant eligibility criteria identified beneficiaries who were in the top ten percent of the highest cost Medicare beneficiaries.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1833(a) of such Act (42 U.S.C. 1395l(a)) is amended, in the matter before paragraph (1), by inserting ''and section 1807A(f)'' after ''section 1876''.

(2) Section 1128B(b)(3) of such Act (42 U.S.C. 1320a–7b(b)(3)) is amended—

(A) by striking ''and'' at the end of subparagraph (G);

(B) by striking ''1853(a)(4).'' at the end of the first subparagraph (H) and inserting ''1853(a)(4);'';

(C) by redesignating the second subparagraph (H) as subparagraph (I) and by striking

the period at the end and inserting ''; and''; and

(D) by adding at the end the following new subparagraph:

''(J) a waiver of coinsurance under section 1807A(f).''.

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